



SENATE
FISCAL
AGENCY

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SECTION-BY-SECTION HIGHLIGHTS
School Aid – Comparison of Enacted Year-to-Date (from PA 342 of 2006)
to
Governor's Revised (March 29, 2007) Supplemental Recommendations for FY 2006-07 and
Senate-Passed and House-Passed Supplemental Recommendations: Senate Bill 221

SECTION	CURRENT LAW	EXECUTIVE RECOMMENDATION	SENATE PASSED	HOUSE PASSED	CONFERENCE
Sec. 3(6) Definition of "District"	Defines district to mean a local school district or a public school academy, except in certain sections of the School Aid Act.	Technical change recommended to exclude public school academies from eligibility for declining enrollment funding in Section 29. This was always the understanding, but an oversight in changing the definition.	Concurs with Executive.	Concurs with Executive.	
Sec. 11(1) Total Appropriations	School Aid Fund (SAF) FY 2006-07 SAF appropriation of \$11,647,508,200.	School Aid Fund (SAF) Revised FY 2006-07 SAF appropriation of \$11,299,963,200. This proposed level of revenue reflects restructuring <i>Durant</i> bonds and School Bond Loan Fund debt service payments, eliminating just under \$5.0 million in new categoricals, technically revising costs for special education and foundation allowance payments, and shifting funds from the SAF to the MPSERS reserve account (see new (7)). This appropriation level assumes passage of some revenue enhancements to avoid proration.	School Aid Fund (SAF) Revised FY 2006-07 SAF appropriation of \$11,240,036,300. These proposed revenues do not assume passage of revenue enhancements and do reflect funding cuts to districts (\$34 per pupil), ISDs, and other entities of \$59.9 million. The Senate's bill then concurs with the other proposals found in the Governor's recommendation, namely elimination of \$5.0 million in eliminated categoricals, savings from refinancing <i>Durant</i> and School Loan Revolving Fund bonds, technical cost revisions in special education and foundation allowance payments, and the fund shift from SAF to the MPSERS reserve account (see new (7)).	Concurs with Executive. This means that the House did not include any proration cuts, and the level of revenue appropriated assumes passage of some revenue enhancements to generate that level of SAF and avoid proration.	

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Sec. 11(5) – NEW Reductions to Districts, ISDs, and Other Entities in FY 2006-07	N/A	N/A	Includes new language that replicates the "proration" formula for reducing payments to districts, ISDs, and other entities, but without relying on the notification procedure currently found in proration language for the cuts to take effect.	Does not include.	
Sec. 11(7) – NEW Appropriation from Reserve for Undistributed Investment Income	N/A	Proposes an appropriation of \$262,000,000 from the Reserve for Undistributed Investment Income to shore up declining SAF revenues, to be used for the purpose of issuing credits under Section 147.	Concurs with the Governor.	Concurs with the Governor.	
Sec. 11g Durant Bonding Payment	Appropriates \$34,961,000 in FY 2006-07 to districts to make debt service payments on "Durant" bonds.	Proposes to restructure the remaining debt service payments for this item. The appropriation is reduced to \$141,000 in both FY 2006-07 and FY 2007-08, but the payoff date is extended from 2013 to 2015 and yearly costs increase from \$35.0 million to \$42.0 million. This proposal will cost an additional \$49.0 million by 2015.	Concurs with the Governor, but had appropriated \$0, rather than the \$141,000 recommended.	Concurs with the Governor.	
Sec. 11j School Bond Loan Fund	FY 2006-07 appropriation of \$48,000,000 to pay for the State's debt service from the school bond loan program.	Reduces the appropriation by \$5.5 million to \$42,500,000 in FY 2006-07 (with additional savings to come in FY 2007-08) from a refinancing of these bonds. By 2025, the State will save an estimated \$430.6 million from this proposal.	Concurs with the Governor.	Concurs with the Governor.	
Sec. 17b Payment Schedule	Provides for 11 equal monthly payments to be made on the 20 th of each month beginning in October	Proposes to change the payment date such that if the 20 th falls on a weekend or holiday, that the	Did not include this section since the Senate's passage of the bill occurred before the Governor's revised	Concurs with the Governor.	

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	and running through August. If the 20 th falls on a weekend or holiday, the payment is made on the business day preceding the 20 th .	payment is made on the next business day.	supplemental that added this change was made available.		
Sec. 22a Proposal A Obligation Payment (The Constitutionally required portion of the foundation allowance.) Discretionary	FY 2006-07 appropriation of \$6,207,000,000, to support an estimated pupil level of 1,690,500.	Reduces the FY 2006-07 appropriation to \$6,204,700,000 to incorporate the savings (\$27.1 million) due to fewer pupils (1,682,600) and offsetting costs (\$24.8 million) due to resolution of the Midland Dow taxable value case.	Concurs with the Governor.	Concurs with the Governor.	
Sec. 22b(1) Discretionary Payment (The discretionary portion of the foundation allowance.)	FY 2006-07 appropriation of \$3,584,950,000.	FY 2005-06 appropriation is adjusted to \$3,566,000,000 to reflect savings (\$18.95 million) due to fewer pupils.	Concurs with Executive's proposed savings due to fewer pupils, and further reduces payments to districts by \$34 per pupil. The total appropriation becomes \$3,508,700,000. The additional per-pupil reduction totals \$57.3 million.	Concurs with the Governor.	
Sec. 26b PILT Reimbursement	FY 2006-07 GF appropriation of \$2,400,000 to reimburse districts, ISDs, and community colleges for payment in lieu of taxes (PILT) obligations per PA 513 of 2004.	Increases the funding to \$3,400,000 to provide full reimbursement, and removes the restriction that the funding source be General Fund.	Concurs with the Governor.	Concurs with the Governor.	
Sec. 31a At-Risk Funding Includes School Based Health Centers, Vision and Hearing Screening, and Mercy Education Project	(1) FY 2006-07 total appropriation to support At-Risk grants: \$310,457,000. (6) Child and adolescent health centers are funded at \$3,743,000. (7) Vision and hearing screenings are funded at \$5,150,000. (8) Mercy Education Project	(8) Eliminates current-year funding for the Mercy Education Project, one of 10 grants placed "on-hold" by the Department of Education.	Concurs with the Governor.	Concurs with the Governor.	

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	is funded at \$100,000.				
Sec. 51a(1) Total Special Education Funding	For FY 2006-07, allocates \$991,983,000 from State sources and \$350,700,000 in federal funding for special education programs.	Reduces the FY 2006-07 State appropriations by \$20,000,000 to \$971,983,000 to reflect current cost estimates.	Concurs with the Governor.	Concurs with the Governor.	
Sec. 65 Precollege Engineering and Science Grants	Appropriates \$780,100 for FY 2006-07 for grants to districts or ISDs for eligible precollege programs in engineering and the sciences. This program was previously funded in the DLEG budget at the same amount. The DLEG shall give preference in awarding the grants to eligible existing programs that received funds in the 2005-06 DLEG budget. The two areas that received this grant then were Grand Rapids and Detroit, and a third grant is made available to Kalamazoo RESA.	Reduces the FY 2006-07 appropriation by \$100,000 due to the striking of awarding a grant to Kalamazoo RESA.	Concurs with the Governor.	Concurs with the Governor.	
Sec. 81(1) ISD General Operations Funding	FY 2006-07 appropriation is \$80,110,900 for basic operational funding of ISDs.	Proposes new language that in order for ISDs to receive operational funding, they must employ or contract with at least one person trained in rules, regulations, and reporting procedures for individual-level student data, serving as the basis for district and high school graduation rates. In addition, the Governor proposes that ISDs must comply with sections 1230g, 1278a, and 1278b of the Revised School	Concurs with the Governor's original recommendation that did not include the phrase "or contract with" found in the revised recommendation. However, ISDs' unprotected funding would be reduced by the proration formula in Section 11(5).	Concurs with the Senate.	

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		Code in order to receive Sec. 81 funding.			
Sec. 147 Public School Employees' Retirement Rate	Estimates the FY 2006-07 rate to be 17.74%.	Proposes that upon enactment of legislation reducing retirement contributions otherwise due, the director of the DMB shall direct the retirement system to issue credits not to exceed \$276,000,000 (of which \$262,000,000 million are State funds). Credits issued on behalves of districts shall be considered to be a payment on behalf of the district for the purposes of calculating payments under Section 22b, to meet pension obligations.	Concurs with the Governor.	Concurs with the Governor.	
Repealers	N/A	Proposes to repeal sections 31c (Children of Incarcerated Parents), 32m (Book-a-Month), 34 (Early Intervening), 57a (International Baccalaureate), 98c (Web-Based Testing), 99d (Automated External Defibrillators), 99f (School Building Security Mapping), and 99g (School Based Crisis Intervention).	Concurs with Governor.	Concurs with the Governor.	